



Virginia Department of Social Services
Finance and Administration Guidelines Manual
For LDSS (Local Departments of Social Services)

July 1, 2008

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¹ FGM is the [Finance Guidelines Manual for LDSS](#), (FGM) originally published in July 2008.



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REVISIONS SUMMARY

Section / Content Changed

- Added this Revisions Summary 5/16/02
- [State Budget Allocations - Key Budget Dates and Yr End Reallocation](#) 5/16/02
 - Clarified the process for the month of April
- Special Welfare - SSI Dedicated Accounts – Rescinded 09/01/08 see Section 3.50 of FGM
 - Clarified the term "back payments" and provided a reference link
- Rescinded various topics due to the issuance of Financial Guidelines Manual for LDSS 07/01/08



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LOCAL BUDGET PROCESSES

OVERVIEW

LDSS (Local Departments of Social Services) receive most of their funding from the state and their local government. Most federal funds are provided to the locality through the state. Some smaller federal amounts are obtained directly by the local government. There are also other local sources and partners that provide special LDSS funding.

The two primary budget processes LDSS are involved with are for the state and their local government/boards.

1. The LDSS's local government/board process - The LDSS prepares, submits and receives approval for their budget annually following the preparation and scheduling requirements set forth by their local authority. These budgets are based on anticipated expenditures and funding from all sources, federal, state, and local. This process usually precedes the VDSS allocation process.
2. The VDSS allocation process - VDSS prepares an annual LDSS allocation based primarily on their historical spending and other known changes. LDSS are not required to submit detail budgets, but provide input and confirmation on proposed allocations. Normally, when additional state and/or federal funding is available, LDSS become more involved in allocation decisions.

The following budget related topics provide general guidance and insight into the budget processes.

BUDGET REQUIREMENTS

The degree of budget preparation detail and the submission schedules are based on the requirements established by the LDSS local boards and/or governments. In addition, the LDSS must comply with state budget preparation and submission requirements as required by the Commissioner of VDSS. The Virginia code (referenced below) stipulates the general budget submission requirements for local departments, the authority, and discretion of the Commissioner to require related information.

[63.1-54](#). *The local boards shall submit annually to the boards of supervisors, councils and other governing bodies of their respective counties and cities a budget, containing an estimate and supporting data setting forth the amount of money needed to carry out the provisions of this title, and a copy thereof shall be forwarded to the Commissioner, subject to the provisions of § [63.1-33](#).*

§ [63.1-33](#). *A. The Commissioner shall require of local boards such reports relating to the administration of this title as the Commissioner may deem necessary to enable the State Board and the Commissioner to exercise and perform the functions, duties and powers conferred and imposed by this title. He shall prescribe the form and submission schedule of applications, reports, affidavits, budgets and budget exhibits, and such other forms as may be required in the administration of this title. B. The Commissioner shall review budget requests submitted by local boards of public welfare, make modifications consistent with the requirements of this title and transmit the approved budget to each local board.*



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Most LDSS prepare and submit budgets to their local boards in December of each year for the upcoming local fiscal year that starts in July. The submission dates and level of detail is based on the local fiscal year and other local requirements. The annual LDSS budget should be prepared using a schedule that allows a final budget to be submitted by the specified deadline. To ensure that the budget estimate is properly interpreted, the Chairman of the Local Board, or the Superintendent/Director of the LDSS should present it to the governing body personally.

To facilitate the state budget process, the VDSS Commissioner does not require LDSS to submit their detail budgets to VDSS at the present time. LDSS budget allocations are determined by VDSS prior to the start of the fiscal year with input and confirmation from each locality. This process is simplified due to the lack of additional funding and the consistency of administrative spending.

FUND RESPONSIBILITY

[Section 63.1-91](#) of the Code of Virginia provides that the governing bodies of the counties and cities shall appropriate each year such sum or sums of money as shall be sufficient to provide for the payment of public assistance, and provide services, including the cost of administration. The local appropriations may be out of any funds in the general fund of the county or city treasury. If the amount appropriated to the Local Board of Social Services from the local governing body has been exhausted, and if additional funds are necessary for operation of a program, the governing body may make an additional appropriation. If sufficient funds are not available in the local general fund, the governing body has the authority to borrow, in anticipation of reimbursement, thereof, the additional funds necessary.

It is mandatory, upon the governing body, to appropriate the amount required by the social services budget, and to make an additional appropriation, if necessary, to provide this sufficient sum as required by this section. Failure to do this will result in noncompliance with the requirements of the act. See [§63.1-122](#) and [§63.1-123](#) of the Code of Virginia.

[Section 63.1-92](#) of the Code of Virginia provides for reimbursement to localities by the state for the federal and state share of program and administrative expenditures.

STATE BUDGET ALLOCATION - KEY BUDGET DATES AND YEAR-END REALLOCATIONS

The following dates provide a general time frame and are subject to change by the Budget office.

April – Budget instructions for the upcoming fiscal year are mailed to the LDSS from VDSS Budgeting. For certain budget lines, LDSS reply with their financial requirements and justification for changes.



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May – The final approved allocations for the upcoming fiscal year are distributed to the LDSS. May expenditure's reimbursed in June via LASER (Locality Automated System for Expenditure Reimbursement) is the last month of the fiscal year for LDSS. The VDSS Budget Office reviews May's statewide balances to identify excess funding. It reallocates any excess funds for the LASER May expenditures based on each locality's needs and proportionate use of pass-thru funding. Excess funding is not automatically "rolled-over" to the new fiscal year in LASER. Additional funding is sometimes added to the new fiscal year for some multiyear programs when funds remain from the previous year.

June – Expenditures incurred in June are applied against the new budget allocations since this is the first month of the fiscal year in LASER. Expenditures and budget allocations in LASER for each fiscal year are independent of each other.

November - January – A midyear review planning process begins at VDSS and instructions are issued to LDSS. Approved midyear adjustments are posted in LASER by VDSS.

STATE BUDGET ALLOCATION - PREPARATION AND CONFIRMATION

A budget transmittal with instructions is issued each April by VDSS to the LDSS Directors /Superintendents. This transmittal indicates specific program policy and budget instructions. LDSS can effectively plan for future requirements by analyzing prior expenditures, and taking into account changes in economic conditions, programs, and caseloads. Operating policies of the Local Social Services Board and regulations of the State Board of Social Services must be given first consideration.

Some factors to be taken into account in the preparation of financial assistance and social service budget estimates are as follows:

1. Number of clients and cases currently receiving assistance.
2. Rate of decrease or increase in the number of clients and cases.
3. Estimated average number of clients and cases for the budget period.
4. Average current payment per client or case.
5. Changes in policies and procedures in regard to payments per client or case.
6. Estimated average monthly payment per client for budget period.

The administrative budget estimates should be considered in three parts:

1. Personnel Services – Include the cost of the continuation of the present salaries and fringe benefits, the cost of planned salary increases, and the cost of re-classifications or re-grading. The proposed salaries should be in conformity with the compensation plan adopted by the local board. (Refer to the Reference Links section of this manual for guidelines regarding salary reimbursement). Adequacy of staff should be considered, and if new positions are needed, consideration should be given to the cost of establishing the new positions.



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2. Other Operating Expenses – This includes miscellaneous operating expenses, such as: contractual services, utilities, telecommunications, rent, insurance, postage, travel, supplies, and other recurring expenses. Actual expenditures for the preceding fiscal year and amounts budgeted for like items for the current fiscal year generally provide a good basis for estimating future budget requirements. Changes in unit rates of costs and the expansion or decrease in services should also be considered in future planning. Additional expenses to be incurred because of the establishment of additional positions should also be taken into consideration. Refer to the Reference Links section of this manual for more information on Office Space.
3. Capital Purchases – Includes, but is not limited to, motor vehicles, furniture, and fixtures, and office equipment. The need of the agency for such equipment should be determined on the basis of promoting efficient and effective program operations.

STATE BUDGET ALLOCATION METHODOLOGIES

Funds are allocated to local offices by VDSS based on various allocation methodologies. Funding is dependent on federal allocations granted to Virginia, funds made available through the state legislature, and the matching funds made available by the local governing body.

For certain mandated programs, funds are required by law. In other cases, program funds might last until fully expended.

Budget allocations are based on one or more of the following methodologies:

- (1) projected program expenditures - This is used to fund mandated programs.
- (2) approved formulas - Used for programs with limited available funding.
- (3) local agency requests - Used for manual checks (stop payment, reissues), general relief, refugee resettlement and pass-thru programs.
- (4) approved locality plans - Used for programs that require the submittal and approval of a local agency plan.
- (5) previous state fiscal year allocations - Used for service, eligibility administration and purchased services expenditures that are not included in other programs.

LDSS REQUESTS FOR ADDITIONAL VDSS BUDGET ALLOCATIONS

After allocations are made to LDSS, Superintendents/ Directors monitor the expenditures to determine if allocation adjustments are necessary. Requests for additions or changes in funding during the fiscal year should be made using the procedures established by the VDSS Budget office.



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LDSS Reimbursement Options

PURPOSE/OVERVIEW

The majority of social service clients are served directly by LDSS and as a result, they are reimbursed for the associated expenses by the state with general and federal funds. The reimbursement process used is based primarily on the type of expenditure, however, LDSS often have a choice as to which process to use. The purpose of this section is to outline some of the reimbursement options available to LDSS.

Regardless of the reimbursement method used, the federal government requires (with few exceptions) that LDSS expenditures be submitted for federal reimbursement through the state. Also, all expenditures submitted for federal reimbursement must comply with federal guidelines and any reimbursement method used for federal funds must be federally approved. The VDSS is required, by the federal Office of Management and Budget (OMB) Circular A-87, to develop, maintain and monitor a process to ensure that reasonable and necessary costs, which are allowable for federal reimbursement, are fairly and consistently allocated to a federal program based on the benefit derived.

The following processes are used to reimburse LDSS (through VDSS for federal funds) and are explained in this section.

- (State Plan Only) PACAP (Public Assistance Cost Allocation Plans) Statewide Allocation
- Direct Grant Reimbursement
- LASER (Locality Automated System for Expenditure Reimbursement)
- CSCAP (Central Service Cost Allocation Plans)
- LPACAP (Local Public Assistance Cost Allocation Plans) Local Allocation

PACAP (PUBLIC ASSISTANCE COST ALLOCATION PLANS) STATEWIDE ALLOCATION

VDSS is required to have a federally approved statewide cost allocation plan that identifies how the state will receive reimbursement from the federal government for all reimbursable social services costs, including those from LDSS. This plan is referred to as a PACAP and all reimbursable options identified in this section are included in and support this state plan.

The PACAP used by the state identifies a quarterly statewide reimbursement process. Each quarter, a statewide cost allocation process is performed by Division of Finance to capture the costs of administering all social services activities at the local, regional, and state levels. The

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PACAP process ultimately assigns costs to the appropriate state and federal service programs. All direct and indirect costs (VDSS central office costs, central state government costs, LDSS costs from LASER, and local government costs) are collected. The “indirect” administrative costs are then allocated among the benefiting programs using federally approved cost allocation methodologies. These allocated costs are combined with the direct costs, and both are then assigned to the programs, in addition to the appropriate federal, state or local funding sources. These results are reported to the federal government for reimbursement of the federal portion.

As part of the PACAP process, the state office re-allocates expenditures from LASER and other costs using finalized “current” quarter RMS results and other statistics. This calculates the proper federal reimbursement to the “state” office for the state funds already used to make payment to the locality for the preceding three months.

DIRECT PROGRAM REIMBURSEMENT

Some reimbursements from and through the state are initiated and approved directly by VDSS program staff. The applicable funds are usually related to specialized grants. LDSS are notified by VDSS program staff when these special grants are available, and often are required to submit service plans for them.

Direct program expenditures are usually reported to VDSS program staff who then authorize LDSS reimbursement. Although this reimbursement is electronically sent to the local Treasurer, it is not part of LASER. These costs are included in the statewide PACAP as referenced above.

LASER (LOCALITY AUTOMATED SYSTEM FOR EXPENDITURE REIMBURSEMENT)

Expenditures reimbursed through LASER are usually related to the normal operations of a LDSS in support of social service clients. Refer to further explanations of LASER in the *LASER Expenditure Guidelines Manual* linked from the Reference Links section of this guideline. Also, refer to the Federal Pass through section in this guideline for more information.

LASER is used as a reimbursement tool and the applicable federal expenditures reported are used by VDSS as an estimate to draw federal funds at the state level. The allocations and funding reimbursement percentages used in LASER closely align with the VDSS PACAP process. As mentioned in the PACAP section above, each quarter, LASER expenditures are pulled into the PACAP and many are reallocated based on more current statistics.



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CSCAP (CENTRAL SERVICES COST ALLOCATION PLANS)

The Central Services Cost Allocation Plan allocates central costs within a governmental unit to all benefiting locality agencies. Most of Virginia's local governmental units provide certain services, which benefit all local agencies, such as: purchasing, computer centers, accounting, and motor pools. The CSCAP plan allows localities to receive some added federal funds for a portion of these costs that benefit programs administered by local departments of social services. CSCAP claims are only made for costs allocated to the "uncapped" federal programs.

The OMB Circular A-87 sets guidelines for the formulation and implementation of the CSCAP plans. In addition, the VDSS maintains statewide guidelines for use in approving and monitoring local CSCAP plans (as required for all sub-recipients of federal awards).

Refer to the separate section in this guideline for more information pertaining to CSCAP's.

LPACAP (LOCAL PUBLIC ASSISTANCE COST ALLOCATION PLANS) LOCAL ALLOCATION

A LPACAP outlines a process (refer to OMB A-87) whereby the locality chooses to determine its allowable reimbursable expenditures by using methods other than those specified in the state VDSS PACAP. VDSS has a process to study local requests for an LPACAP plan. The process requires that the locality satisfactorily describe the specific inequity that exists and why it requires a separate local plan.

The federal government has decided that an inequity does not exist merely because a locality may obtain more federal funding by using different allocation methodologies within a

LPACAP. Inequities are more related to the issues of deviations in organizational structures, service delivery systems that exclude otherwise allowable costs, unusual client mixtures, and other unique deviations from the processes described within the approved statewide cost allocation plan. Deviations mostly focus on allocation "methodologies" versus identifying unclaimed costs.

With the various reimbursement options, extreme care must be used by the locality to ensure that costs are not duplicated or included in more than one allocation or reimbursement process.



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FEES FOR COURT ORDERED SERVICES

Fees for non-agency placement adoption services is established under the authority of [§63.1-219.55](#) of the Code of Virginia. Fees for custody investigations, mediation services and supervised visitation is established under the authority of [§16.1-274](#) of the Code of Virginia. These fees shall be paid and a receipt provided to the court prior to any final order, and the Commissioner shall not release any identifying information until proof of payment of such fees has been provided.

Fees are based on actual costs of services, including direct, and indirect costs taking into consideration family income and size.

FEES FOR NON-AGENCY PLACEMENT ADOPTION SERVICES AND
HOME STUDIES IN SURROGACY CASES

Direct Costs of Services

In determining the direct costs, the local department can choose one of the three options listed below. The local agency should document the time that a worker spends providing the service.

- a. If the actual salary and fringe benefits of the worker performing the services is used, and a Supervisor performs the service, the fee is based on the amount of the salary and fringe benefits of the worker that would have normally performed the service.
- b. If the averaging option is used, the averaging should be based on the budget figures for the previous fiscal year. This method is to average the actual salaries and fringe benefits of all workers performing the services.
- c. If the minimum salary and fringe benefits option is used, the first step of the compensation schedule for a social worker for the local agency is used.

Indirect Costs of Services

Annually, the Division of Finance calculates each local agency's indirect cost factor to cover expenses other than the worker's salary and fringe benefits. This cost factor is sent to each local agency after the year-end closing, and should be included in computing the court ordered fees for the fiscal year.

Fee Adjustment Based on Family Income and Size

Determine the family size and income, include all persons for whom the petitioner/applicant and spouse are responsible. Based on the median income scale published annually by the Generic Policy Unit, determine the petitioner/applicant percent of median income. If this amount falls between two percentages, use the lower percentage.



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FEES FOR NON-AGENCY PLACEMENT ADOPTION SERVICES AND
HOME STUDIES IN SURROGACY CASES (continued)

Families with 50% or less of median income are not charged a fee.
Families with 60% of median income are charged 10% of the actual costs.
Families with 70% of median income are charged 25% of the actual costs.
Families with 80% of median income are charged 50% of the actual costs.
Families with 90% of median income are charged 75% of the actual costs.
Families with 100% of median income are charged 100% of the actual costs.

Fee Computation Example

16 hours	(time to provide services)
\$20	(worker's hourly salary and fringe benefits)
.25	(indirect cost ratio per the Division of Finance)
50%	(petitioner/applicant income is 82% of median income)

$\$20 + \$5 (\$20 \times .25) = \25 (worker's direct costs + indirect costs)
 $16 \times \$25 = \400 (16 hours times the sum of direct and indirect costs)
 $\$400 \times .50 = \200 (fee after the adjustment for family size and income)

If the court orders that the fee be split between the petitioner and the respondent the full cost is calculated to be \$400. Each individual would be responsible for \$200 less any adjustment due to family size and income.

Reporting of Fees for Court Ordered Services

In LASER enter the fee collection amount as a credit journal entry, fund type 1111 (reimbursable), account number 55840 and cost code 00001. As funds are received, a report of collections should be prepared and forwarded along with the funds to the Treasurer that is responsible for making the deposit.



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FEES FOR CUSTODY INVESTIGATIONS, MEDIATION SERVICES
AND SUPERVISED VISITATION

- The court shall assess a fee in accordance with fee schedules established by the appropriate local board of social services.
- The fee schedules shall include:
 - a. Standards for determining the ability of the parties to pay; and
 - b. A scale of fees based on the parties income and family size.
- The fee charged shall not exceed the actual cost of services.
- The method and medium for payment shall be determined by the local board of social services.
- When a local department of social services is requested by another local department or court services unit in the Commonwealth or by a similar department or entity in another state to conduct an investigation involving a child's custody, visitation or support; or to provide mediation services or supervised visitation, the department may require fees prior to conducting the services.
- In LASER enter the fee collection amount as a credit journal entry, fund type reimbursable (1111), account number 55840 and cost code 00001. As funds are received, a report of collections should be prepared and forwarded, along with the funds, to the Treasurer that is responsible for making the deposit.